

Washington, D.C. 20505

14 JUL 1981

The Honorable Edward P. Boland  
Chairman, Permanent Select  
Committee on Intelligence  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I deeply appreciate the support you and your colleagues on the Committee have given CIA and the Intelligence Community over the years. And I want to thank you for the recent opportunity to personally explain the reasons why I feel it necessary to acknowledge the unique duties, responsibilities, and hazards of CIA employees working overseas by providing them an interim overseas differential.

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I want to assure you that I am confident that the differential -- 9.6 percent of an employee's base salary -- is fully justified by the special circumstances and substance of intelligence work overseas. We will be sending the Committee next week additional material justifying and documenting the overseas differential. In accordance with your suggestion, in the coming months we will complete a full-scale analysis of our overseas compensation situation. We would hope to return to the Congress after this analysis is complete with the purpose of adjusting the pay scales of CIA and other civilians in the Intelligence Community working overseas.

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I hope that, as a result of our conversation, the Committee understands our reasons for taking this step. For some time senior managers in the Agency have been alarmed over the increasing difficulty of retaining experienced officers and getting them to serve overseas. In my earlier letter, I referred to the circumstances which have made service overseas increasingly onerous and less attractive to our people:

- The increased threat to official Americans, and especially CIA officers, serving overseas. Since 1979, we have been forced to burn station holdings on 16 occasions, vivid testimony to the growing instability in the world. The threat to our people has also grown because of the increased public awareness of CIA and the work of Agee and others to promote attacks on US intelligence activities. Concern over the well-being of one's family is playing an increasing part in the career decisions of our officers.

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-- CIA officers overseas have duties that are clearly different from those of the average GS government employee, or even a Foreign Service officer.

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It is testimony to the patriotism and dedication of our people that the contribution they make to the country's security has taken precedence over the negative aspects of serving overseas. We have managed, therefore, to keep most overseas positions filled. But, in all candor, about a year ago, it became clear that the trends -- particularly in the Operations Directorate and the Office of Communications -- were getting worse. Where we once had two or three candidates for an overseas post, we are down to one, or in some cases, none. It was obvious in the Operations Directorate's career counseling interviews that the burdens of overseas service as a CIA officer were getting heavier on our personnel. Many were actively looking for positions that did not entail going overseas even if that meant leaving the Agency. Alarmed by what these interviews portend for the future, the Office of Personnel with the strong encouragement of Agency management in the spring of 1980 began work on options to acknowledge the extra duties and burdens imposed on CIA personnel overseas.

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The Agency felt it had no choice but to move ahead with additional compensation for its people when Foreign Service officers got more pay this past winter. Imagine, if you will, the impact on the morale of our officers when their State Department colleagues, with whom they work on close terms, received increases as high as 13 percent. The impact was all the greater because:

In recognition of the unique duties and burdens of CIA officers overseas, my predecessor made the decision to grant pay increases for our people while they are employed overseas. When I became the DCI, I reaffirmed my predecessor's decision in principle, and with the benefit of your advice, I have decided to afford this compensation in the form of an interim overseas differential effective in early July. [ ]

I realize that questions have been raised about whether we in CIA were now "ratcheting" up the pay scale. This is not our intent, and our interim overseas differential does not affect the pay scale under which we compensate all CIA people. In all candor, I believe that an objective review of the duties, responsibilities and burdens of CIA employees overseas will demonstrate the equity of increased compensation. [ ]

I trust and hope that the Committee, which has been most helpful in the process of rebuilding American intelligence, will understand our reasons for proceeding with steps to meet a pressing need. I would emphasize that only about [ ] percent of our people will be affected by the Interim Overseas Differential. I fully understand and am sympathetic to the Committee's concerns. For the longer term I have asked our Office of Personnel to undertake a thorough review and analysis of CIA pay scales and the compensation of other Intelligence Community civilians posted overseas. I believe that intelligence operations overseas are different in character from either normal domestic federal service or from the Foreign Service, and this factor may warrant the creation of a separate pay scale for intelligence officers serving overseas. This analysis will be finished on or about 1 February 1982, and I intend to make it available to the Committee with a mind to

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making whatever adjustments are necessary to provide proper compensation to those in the difficult intelligence profession. [redacted] 25X1

Once again, in this matter as in others, I want to thank the Committee for its constructive support. [redacted] 25X1

Sincerely,

**/s/ William J. Casey**

William J. Casey  
Director of Central Intelligence

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